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SIPDIS

SENSITIVE

STATE FOR WHA/CEN, WHA/EPSC, AND EB
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TAGS: [ETRD](#) [ECON](#) [EAGR](#) [PGOV](#) [HO](#) [WTO](#)

SUBJECT: Honduras' Reaction to July Framework: Cautiously Positive

REF: A) State 168991

- B) Tegucigalpa 778
- C) Tegucigalpa 1567
- D) Montevideo 1459

¶1. (U) Summary: GOH trade officials are reasonably satisfied with the WTO July Framework, regarding it as an agreement that recognizes Honduras' key interests but nonetheless defers most difficult decisions for future negotiation. Honduras will support the candidacy of Perez de Castillo of Uruguay for the position of next WTO Director General. End Summary.

¶2. (U) Speaking with EconOff on October 12, Director of Trade Policy Melvin Redondo spoke favorably of the negotiating framework adopted by the WTO General Council on August 1 (ref A). He specifically cited the successful efforts of the G-33, of which Honduras is a member, to establish recognition in the framework of two key issues. First, the framework (in paragraph 42) calls for the establishment of a Special Safeguard Mechanism for use by developing countries. Second, the framework (in paragraph 41) allows developing countries to designate certain products as Special Products eligible for more flexible treatment, based on criteria including rural development needs. (Note: As reported in reftels B and C, and as evidenced by Honduras' strategy in the CAFTA negotiations, the securing of special treatment for sensitive products is one of Honduras' top priorities in any trade agreement, due to the domestic political sensitivities attached to agricultural products such as maize, rice, poultry and dairy products. End note.)

¶3. (U) Redondo tempered his enthusiasm, however, by saying that the framework is only a basic guide for future negotiations, and that most of the difficult decisions still lie ahead. The July framework, for example, does not address one of Honduras' outstanding concerns, that of establishing a tariff-reduction formula that will not discriminate against countries such as Honduras that already have low bound tariff rates. Still, given the failure of talks at Cancun, Redondo views the July framework as a positive step.

¶4. (SBU) Regarding the selection of a successor to WTO Director General Supachai, Redondo confirmed that Honduras supports the candidacy of Ambassador Carlos Perez de Castillo of Uruguay (ref D). Redondo had heard press reports that Brazil was putting forth a rival candidate, but did not know the Brazilian candidate's name or anything about him. Redondo said that he believes Perez de Castillo has the support of the other Central American countries as well, as they have worked with him in the past and are comfortable and familiar with him.

Pierce